G. R. S. IX-5]

Previous references.

File No. 81-18

1918. 4

(pp)

Serial Nos. 4 to 13

Later references.

Preserve
20/12/44

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 4 to 13

Part B for March 1918

SUBJECT.

Papers relating to the control of Indian Cotton.

W D 1250—GPB—30,000—28-1-19

G. R. S. III—1] 191 8 - 9

GENERAL AND REVENUE SECRETARIAT.

(P. P)

NOTES.

File No. 81

FILE HEADING.

Control of Indian Cotton

From

The F. A. Resident in Mysore

No. 7095 Dated 11. 10. 18 Received 11/12. 10. 18

Diary No.	Enclos. 2 Spare Copies. –	Serial No. 4

BRIEF ABSTRACT OF LETTER.

Forwards for favour of opinion a copy of a letter no 1016 S of 23. 9. 18 with enclosures from the Govt of India in the Dept of Commerce & Industry - on the subject of the control of Indian cotton.

NOTES AND ORDERS.

1) The questions raised mostly relate to the action to be taken in the matter after the War - The file may be sent to the Secy to GoI (FA) for views -

WS 12/10/18 Secy, EA 12/12/18

2) Please send a copy of the Despatch for favour of his observations latest by 5th Dec.

12/12

NOTES—First Sheet.

WD 1232—GPB—20,000—18-11-16

G. R. S. III-2]

General and Revenue Secretariat.

P-P File No. 87 of 191 8. 2

Serial No.

Draft reminder D.O mkd.
MV 1.29 10 Oct
Issue Oct 30/10

No reply has yet been received from the Dy. Director, though three D.O reminders have been sent to him.
MV 6/11) For orders. I also reminded him personally about this matter.
Secy (Rev)
Nov 8.11.10

Please ask him to explain the steps he has taken to send his proposals
7/11/

A letter received on the subject from the Dy C.V.S. is enclosed herewith. I agree with the Director that the registration & licensing will have to be enforced & there is no objection to agree to it provided no case

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-8-13—S.

G. R. S. III-2]

General and Revenue Secretariat. | P.P File No. 81 of 1918-19

Serial No.

it is necessary for us to control our own supplies for the benefit of the local weavers. If mills the rule should give us sufficient latitude consistent with the spirit for which licensing is framed.

C.A.K. 17/11

9) I do not know if Bombay mills will agree to the setting up of internal barriers in the case of cotton & the local mills use not merely some Nyasa cotton but cotton from other places in India.

10) Please put up a draft notification to 2nd member.

19/11/18

Draft submitted
hq
19/11/18

2nd Member 21/11/18

120.
21.11.18.

The papers to Member the Secretary Indus. Dept. & Mr. Chatterton Please consult them

21/11

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-8-18—S.

G. R. S. III-2]

General and Revenue Secretariat. | P. P File No. 81 of 191 8.19

Serial No.

13) Forwarded with Compliments to the Director of Industries in regard to favour of remarks Bombay

Please see my U/25/11/18

A draft to the Director of Industries & Commerce is put up for 26/11/18 June U/26/11/18

5 To

The Director of Industries and Commerce in

No. P. 9543 & 27.11.18.

Sir

I am to forward herewith a letter No 107 [illegible] with enclosures, on the subject [illegible]

I have the honour to be

Sir

Your obedient servant

[illegible]

for

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

G. R. S. III-2]

5

General and Revenue Secretariat. | G.R., File No. 21 of 191

Serial No.	
6	From The Director of Industries No 4 dated 3/12/18 Return [illegible] [illegible] A draft is sent as directed in para 2 of the 9/12/18 Hme W.J. 9/12/18
7	To Mr A. Chatterton - No G/10868 dated 9/12/18 Requests him to favour Govt with his remarks on the subject -
8	From Mr A. Chatterton - No 1603 dated 10/12/18 Forwarding Govt with his remarks on the subject - as called for in the above - 18. Submitted with reference to the members' orders in para 12 of the notes (page 3) hme 12/12/18 (a) Serial nos 6 and 8 give the reports of the Director of Industries and Mr Chatterton respectively Chapters (20) 12/12/18 Sub' with ref. to para 2 (1st member) - WJ 12/12/18

349
12-12-18

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

12/12/18

G. R. S. III-2]

General and Revenue Secretariat.

P? File No. 87 of 1918.

Serial No.	
91	The Agents of the I.C.C. may make returned. Please send a report to this regarding copies of the 3 letters read Represent to Govt. 14/12/18. 4-15
92	Draft Sabd 16/12/18 93 Secy. 16/12/18
9	To The Secy. to the Committee Bangalore No. 9. 11873-17. Dt. 3 letters (originals) referred to in Serial 4, 6, 8 and copy of letter No 4309 G 15-11-18 from the Dy. C. in Mysore and requests that the Budget may be placed before the next meeting of the Committee and the [illegible]

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S

G.R.S. III—3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

9904

From
The A.A. Resident
87.27 Dy 19.12.98

Reports that the Resident may be favoured with the opinion of the Durban Reporting Control of Indian Cotton Submitted.

24/ The opinion of the I.C. Committee has been called for.

Please see linked file

25 An ~~acknowledgement~~ acknowledgement reply is sent.

Sgn
21/12/98

26/ The subject has been discussed at ~~this~~ today's meeting of the I.C. Committee. The reply from the Secy. I.C. Committee may be awaited

Sgn 21/12 Dy 21/12/98

N.B.—*Should routine notes be written on small slips, the notes must be copied or slips pasted on this form.*

G.R.S. III—3]

ROUTINE NOTES.

781

[To be used only for notes, requisitions, etc., not intended for permanent record.]

A draft reminder is put up for the Secy's signature.

Final ID

Approval

Dewan

The Opinion of the Committee may be awaited, an interim reply being sent to the Residency as a final reply is overdue — 3667 7.1.19

N.B.—Should routine notes be written on small slips, the notes must be copied or slips pasted on this form.

Draft is put up.

KP. 4.1.19

G.R.S. III—3]

ROUTINE NOTES.

751

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Serial 11

To

The F. A. Resident

No. Pol. 6584 11.1.1919

With ref to Serial 4
States that the opinion
of the local D & C Committee
in the matter has been
called for and that on receipt
of the same a reply will be
sent and As at present
advised the Durbar are
in general agreement
with the Bhopawar Scheme

A draft reminder to the (31
Secy D. & C. Committee is put up

Gen
30/1/1919

32
30/1/1

30/1/1

N.B.—Should routine notes be written on small slips, the notes must be copied or slips pasted on this form.

G 1603 30/12/19

[G. R. S. III-2]

1570

General and Revenue Secretariat. | PP File No. 81 of 1918.

Serial No.

From

Mr Lees, I.T.C. Committee
No 2036 D 27-2-19.
in the refce to 2 9, forwards
the resolutions of the Committee
endorsing the opinion of the
Bombay Chamber of Commerce in the
matter.

C 33) Submitted.- A Statement showing the opinion of the various officers &c Consulted is put up.
8 pm.
3/3/1919

Chapman 4/3/19

34) Please put up a draft letter in continuation.

Draft submitted
8-3-19

Chapman 8/3/19

Chapman 10/3/19

35) Approved
Dewan

5266
10.3.19.

11.3

37) Despatch
12-3-19

tn. sheet.

G. R. S. III-2.

General and Revenue Secretariat.

9611 .V5104

M. File No. 81 of 1918

Serial No. 13

To

The F. A. Resident

No. Pol 9 21 9 12.3.19

In cont.n of Serial 11, States that the Subject has discussed by the I & C Committee and they recommend the adoption as a temporary measure the proposal the Bombay Chamber Commerce that Govt should take power at once to restrict the export of raw cotton by a system of licensing and the Bombay agree in this recommendation.

BOMBAY SECRETARIAT. POLITICAL BRANCH. 21 MAR. 1919

Statement of opinions of the various officers consulted regarding the control of Indian Cotton.

Opinion of the Director of Civil Supplies and Controller of Prices.	Opinion of the Director of Industries and Commerce.	Mr. Chatterton's opinion.	Opinion of the Industries & Commerce Committee
He recommends that the resolution of the Bombay Conference on cotton cloth that the Government of India should take power to at once restrict exports of raw cotton by the introduction of a system of licensing may be supported by Government as it is in accordance with the interests of the general population of the State.	It might be desirable to control the export of cotton for the acquiring a bargaining asset for the purpose of negotiating without enemies. But in the interests of the growers such control may take the form of licenses to purchases in limited quantities by enemy countries, but such licensees should purchase after obtaining licenses in the market.	The people of Mysore will certainly not suffer loss and possibily may gain a little by the proposal to control exports.	They recommend that the temporary licensing suggested by the Bombay Chamber of Comerce for the Control of Indian Cotton may be adopted by the Durbar.

W J 4/3/44

R. O. 2.—R. P. B.—9-1918.—500.

URGENT.

No. 7095
Encls. 12.

FROM

MAJOR E. H. S. JAMES,
FIRST ASSISTANT TO THE RESIDENT IN MYSORE.

To

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated Bangalore, 11th October, 1918.

SIR,

I am directed to forward a copy of a letter No.10168, dated the 23rd September 1918, with enclosures, from the Government of India in the Department of Commerce and Industry on the subject of the control of Indian cotton, and to request that the Hon'ble the Resident may kindly be favoured as soon as is conveniently possible, with an expression of the opinion of the Durbar on the questions raised therein.

I have the honour to be,
Sir,
Your most obedient servant,

First Assistant Resident.

No.10168.

GOVERNMENT OF INDIA.

Department of Commerce & Industry.

Simla, the 23rd September 1918.

From

A. M. Green, Esq.,

Offg. Under Secretary to the Government of India.

To

The Chief Secretary to the Government of Bombay,
Revenue Department.
The Chief Secretary to the Government of Madras.
The Chief Secretary to the Government of the United Provinces.
The Chief Secretary to the Government of the Punjab.
The Hon'ble the Chief Commissioner, Central Provinces.

Sir,

I am directed to forward a copy of the papers noted in the margin regarding the control of Indian cotton and to request that the Government of India may be furnished with the views of your views the Government of - - - - whether restrictions on exports should be imposed during the reconstruction period. If control is considered desirable, the Government of India would be glad to learn what form, in the opinion of H.E. the Governor in Council it should take, and in your opinion H.H. the Lieutenant Governor whether it should be introduced irrespective of any restrictive measure to be undertaken by the United States of America.

1. Letter from the India Office No.R. & S.W.T.3190 of 18, dated the 31st May 1918 and enclosures.
2. India Office Memo: on the control of cotton.

2. I am to ask that the matter may be treated as urgent and the reply to this letter sent as soon as possible as the Government of India have been asked by the Secretary of State for a reply by telegra.

---:0:---

I have, etc.
Sd. A. M Green,
Offg: Under Secretary to the Government of
I n d i a .

---:0:---

"C O P Y"

REGISTRAR.

India Office, London,

R. & S/W:T.3190/18.

May 31st, 1918.

Dear Sir,

In continuation of my letter of the 30th May, I forward, for information, a copy of the papers noted in the margin, on the subject of the control of Indian cotton.

x

x From Board of Trade, dated 29th May 1918.

I am,

Yours faithfully,

Sd. L.D. Wakely,

For Secretary, Revenue and Statistics Department.

To

The Secretary to the Government of India,

Department of Commerce and Industry.

---:0:---

Board of Trade,

C.4523.

Whitehall Gardens, S.W.1.

29th May. 1918.

Sir,

With further reference to your letter R.& S./W.T.2685/18 of May 16th, I am directed by the Board of Trade to transmit to you herewith copy of a letter with accompanying memorandum which the Board have caused to be sent to the Foreign Office in reply to their letter No.60118/C/116 of May 9th.

I have, etc.,

Sd. H. Llewellyn Smith.

The Under Secretary of State for India,

Revenue Department,

India Office, S.W.1.

---:0:---

Board of Trade,
itehall Gardens,
29th May, 1918.

C.4523.

Sir,

I am directed by the Board of Trade to acknowledge the receipt of your letter of May 9th (No.60118/C/116) relative to the suggested control of Indian Cotton, and in reply to point out that the cotton grown in India is lower in grade than American cotton and is only used to a small extent in this country, whereas Egyptian cotton is generally speaking higher in grade than American cotton and is used largely and to an increasing extent in the United Kingdom. Whilst some qualities of Egyptian cottom compete with some qualities of American, Indian and Egyptian cotton are in no sense competitive articles, and the Board do not therefore consider that the purchase of Egyptian cotton requires as its necessary complement the purchase of the India crop.

On the other hand they are of opinion as already indicated in their letter of April 3rd, C.3590, that the desirability of controlling the exports and the prices of American cotton is one which should be pressed urgently on the attention of the United States Government, and they would be glad to learn whether Lord Reading has yet approached that Government on the subject and with what result.

They recognise moreover the advantages of a general policy of securing control of all important raw materials produced within the Empire, and the desirability, in pursuance of this policy of extending the control to embrace Indian cotton. Should the United States Government be prepared to adopt a policy of controlling their own cotton crop that Government might reasonably expect that some form of control should also be adopted in India, whose cotton does in fact compete with certain descriptions of American cotton, and the Board imagine that in the interests of Indian spinners the Indian Government would find it necessary to take some steps to prevent the great enhancement of the price of Indian cotton which maight result if our present enemies finding themselves unable to secure supplies of Ameri

can

American cotton after the war should endeavour to fill their wants by purchases of cotton in India.

Having regard to these considerations the Board propose to submit to the Economic Offensive Committee of the Cabinet the enclosed brief memorandum indicating the reasons for which in their opinion the Indian Government should be invited to consider the possibility of adopting some system of controlling the exportation of cotton from India both now and after the War.

A copy of this letter is being sent to the India Office.

I have, etc.,

Sd. H. Llewellyn Smith.

---:0:---

CONTROL OF RAW COTTON IN INDIA.

It is unnecessary to labour the reasons which render desirable the acquiring by the Allies of complete control over the exports of important raw material during the period immediately succeeding the war. Put briefly they may be stated under the two heads of (1) securing sufficient supplies for allied use to enable manufacture to be maintained and in those districts in which it has been put an end to by war to be recovered, and (2) acquiring a bargaining asset for the pruposes of negotiating with our enemies. Of the raw materials which are substantially controlled by the Allies, one of the principal is cotton, the three great cotton crops of the world being those of the United States of America, Egypt and India, whilst important crops are also grown in other parts of the British Empire, such as the West Indies, Uganda and Nigeria.

A first step in the direction of the control of this raw material has been taken by H. M. Government in acquiring the whole of the Egyptian crop so far as the growers desire to export it and in prohibiting its export except under license with a view to its being rationed out to the various allied and (so far as the available

quantity

quantity permits) neutral users. Egyptian cotton is a cotton of long staple and though its highest grades compete with American Sea Island and its lowest with ordinary American cotton, it represents taken as a whole a practically irreplaceable source of a class of cotton indispensable for the manufacture of fine descriptions of yarn and piece goods. It would have been disastrous to the fine cotton-spinning interests in England, the United States of America and France if this crop had been left at the mercy of a suddenly enhanced demand on the part of enemy countries the moment the war was over. But important as is Egyptian cotton to the cotton trade adequate supplies from the much larger staple crop of America are of even greater importance, and it is hoped that having regard to this consideration the United States Government will be prepared to adopt some scheme of control (not necessarily involving purchase) which will conserve American cotton after the war for the use of the Allies in the first instance and will only permit of such quantities reaching enemy countries as inter-allied policy may dictate. Steps are being taken to press this policy upon the American Government.

As regards Indian cotton, the position is somewhat different according to whether or not the United States of America Government control American cotton. Indian cotton is a cotton of short staple the bulk of which is consumed in India itself and in Japan, and the demand on the part of our enemies for Indian cotton may not be excessive if they can obtain cotton freely from America but it would seem right to proceed on the assumption that America will be prepared to fall in with the Allied policy of the control of raw materials, and it is clear that the task of persuading the American Government to take this course will be facilitated if we can point to the fact that so far as regards cotton produced in the British Empire the corresponding measures have already been arranged.

It is certain that if Germany and Austria cannot meet their requirments by importation from America they will seek to obtain a much larger quantity of Indian cotton than they used before the war

with

with the result that Indian and Japanese spinners will run the risk of going short of their requirements and will in any case have to pay greatly enhanced prices for their raw material.

The following figures respecting the distribution of the Indian cotton crop in the year 1913-4 have been furnished by the India Office:-

Exports.	Tons.
T. U.K.	19,245
Other British Possessions ..	6,474
Total British Empire ..	25,717
Japan	240,878
Other Allies	120,319
Neutrals	14,728
Enemies	121,873
Total exports.	531,515
Retailed in India.	374,000

The quantity of Indian cotton sent to enemies which is shewn in the above statement would be sufficient to justify some control over the exports with a view to bargaining, but, as already indicated, the demand on the part of our enemies for Indian cotton is likely to be enhanced to a much greater extent than these figures suggest if they are unable to obtain cotton from Egypt or the United States of America except under such conditions as the Allies desire to impose.

At the present time exports of cotton from India are prohibited to certain destinations only and the control over the export trade is exercised solely from the point of view of the blockade. There is therefore a possibility of supplies being accumulated in neutral countries with a view to sale to our enemies after the war. In the circumstances it is suggested that the Indian Government should be invited to consider at once the desirability of imposing a prohibition on the exportation of cotton to all destinations except under licence and of establishing a system of rationing by which the amount to be allowed to go to various destinations, including neutral countries, shall be determined.

They should also be asked to consider whether in the interests

of

of their own growers on the one hand and of the spinners on the other, such control will not also carry with it the obligation to fix cotton prices. In the case of Egypt it was found that no scheme for fixing prices of cotton would prove effective unless it was secured by the actual purchase of the cotton on behalf of the Government. Conditions in India may be different, and it is recognised that the large consumption of Indian cotton within the country raises considerations which did not exist in the case of the Egyptian cotton purchase scheme.

---:0:---

CONTROL OF INDIAN COTTON.

The memorandum of the Board of Trade raises two distinct questions which should be considered separately, one relating to the control of Indian cotton during the War, the other to control after the war.

Control during the war. In order to avoid the possibility of stocks being accumulated in neutral countries for sale to our enemies after the war it is suggested that exports to all destinations should be prohibited save under licence, and that a system of rationing (accompanied possibly by the fixation of prices) should be established under which the quantity allowed to each country would be fixed.

The position in regard to the export of raw cotton from India is as follows. According to the latest information available cotton is on the Indian D list, that is to say export is prohibited "to all destinations in foreign countries in Europe and on the Mediterranean and Black Seas other than France, Russia, Italy, Spain and Portugal and to all Russian Baltic ports."

Applications for permission to export to prohibited destinations are referred by the India Office to the Cotton Exports Committee and if no objection, be raised the Government of India are instructed to

~~allow~~ allow

allow shipment. In practice licenses are granted very sparingly and in the case of Scandinavia and Holland none have been granted for some time past. It is possible that limited exports may be allowed under the new commercial agreements with Norway and Sweden but the quantity will not be considerable as the annual ration from all sources has been fixed at 8,000 tons in the case of Norway and 18,000 tons in the case of Sweden. Exports to Switzerland are also strictly limited to the ration fixed in agreement with the Societe Suisse de Surveillance Economique.

In the case therefore of Scandinavia, Holland and Switzerland control is already exceedingly strict and the possibility of any accumulation of stocks is remote.

In the case of three other countries (Russia, Spain and the United States) exports are in practice controlled. For diplomatic reasons exports to Spain has never been prohibited formally but shipment is only allowed when the Consul-General at Barcelona reports that he has accepted a guarantee from the consignee and recently, in connection with a dispute which arose regarding the supply of olive oil to the United Kingdom the promise was given that during 1918 the export of 60,000 bales to Spain would be permitted. In effect therefore Spain is rationed. By executive action exports to Russia have been suspended while consignees in the United States of America can only obtain delivery with the consent of the Textile Alliance.

The effect of the control arrangements outlined above is reflected in the following statement which shows the exports of Indian cotton during the past three years:-

To:	1915.	1916.	1917.
United Kingdom (Tons)	41,816	40,433	49,113
France "	11,829	10,459	8,633
Spain "	11,371	11,047	4,613
Italy "	70,875	48,092	8,369
China "	18,293	22,198	6,153
Japan "	284,265	315,398	250,811
Other Countries (a)	10,256	3,827	6,767
	448,705	451,454	354,459

(a) in small quantities to Russia, Scandinavia, Holland, Switzerland

witzerland and United States of America.

There is nothing in these figures to indicate anything in the ature of an accumlation of stock in neutral countries, and it seems pen to question whether it is necessary to set up any system of ationing. It might however be well to instruct the Government of ndia to keep a careful watch on exports to all foreign countries nd to report any abnormal shipment in order that if necessary, easures may be taken to limit exports.

Control after the War.

It is not improbable that it may be found desirable in the interests of the local mills and of local consumers to control Indian cotton during the reconstruction period and the Government of India have already been asked to consider this question. Until the views of the Indian Government have been received no definite opinion can be formed, but it may be useful, at this stage, to indicate some of the considerations which it will be necessary to take into account before a decision is reached.

Before the war Germany and Austria were large buyers of Indian cotton, having taken 121, 756 tons in 1913-4, and it is significant that in the first five months of 1914-5 no less than 91,260 tons were exported to Central Europe. In addition some of the exports to Belgium (56,654 tons in 1913-4) were destined for Germany and it is reasonably certain that if after the war the Indian cotton market were open to all, our enemies, whose stocks are believed to be exhausted, would purchase two or three year's supply. Heavy purchases would probably be made within a short period and aided by Co-operative purchase and subsidized freights German and Austrian buyers could well afford to force up prices with the result that the market would be upset, Indian Mills and our Allies (Japan, Italy and France might be unable to obtain sufficient supplies, and the price of manufactured goods in India would be increased. To avoid this the Government of India may in their own interests desire to

to control the distribution of the available supply and, if so, the arguments in favour of control set out in the memorandum of the Board of Trade would serve as an additional justification for such action. If, on the other hand, it be found unnecessary in Indian interests to undertake any measures of control the Government of India may be asked whether some sacrifice of the interests of the procedure (and all control schemes involve this in some degree) would not be justified in order to induce the United States Government to control American cotton and to obtain a bargaining counter for the purpose of negotiating with our enemies. It would be premature to examine at this stage the nature of the control which would best secure the objects in view, but two things may perhaps be said - the first that the nature of the scheme adopted would not depend upon the reasons justifying control, and the second that it is unlikely that control would take the form of state purchase or would involve the fixation of prices.

---:0:---

"C O P Y"

R E G I S T R A R.

BJ

No. 4309 / 15-11-18
ENCL.

Office of the Director of Civil Supplies
and Controller of Prices in Mysore,
Kitchetty Chathram Road,

Bangalore City, 12th November 1918

15

From

C. Ranganatha Rao Sahib, Esq., B. A., B. L.,
Director of Civil Supplies and Controller of Prices.

To

P. G. D'Souza, Esq., B.A., B.L.,
Secretary to Government, Departments of
Education & Agriculture, BANGALORE.

Sir,

With reference to your letter No. 15/I&C dated 15th October 1918, I have the honour to state that the production of raw cotton in the State varies between 25 to 30 thousand bales, i.e., between 4800 to 5400 tons and forms a very small proportion of the total Indian production of about 900,000 tons per annum. From the papers forwarded with your letter and the reports of the proceedings of the Conference on cotton cloth held at Bombay on the 28th September there is every reason to believe that after the termination of the War there will be very large demand for Indian raw cotton from Japan and also from the enemy countries should exports to them not be prohibited. This will inevitably lead to a rise in the prices of raw cotton and will benefit the ryots growing cotton. However in the interests of the majority of the population to whom cheap cloth is a great necessity it will probably be advisable to support any scheme under which a sufficient supply of raw cotton will be secured to the Indian mills at reasonable prices. At the Conference on cotton cloth recently held at Bombay Sir Vithaldas Thackersey was of opinion that the licensing of exports of raw cotton would have a most salutary effect in keeping the price of raw cotton within reasonable limits. The Conference passed the following resolution

"This Conference recommends that Government of India should take power to at once restricts exports of raw cotton by the introduction of a system of licensing the degree of stringency with which such powers would be exercised to be decided as -- circumstances subsequently dictate". I beg to suggest that this recommendation is in accordance with the interests of the general population of the State and may be supported by Government.

I have the honour to be,

S i r ,

Your most obedient servant,

C Ramaswamy Rao Sahib

DIRECTOR OF CIVIL SUPPLIES.

N.P.S.

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

Section

File No.

Serial No.

GENERAL AND REVENUE SECRETARIAT,

( )

, the *191* .

No. G 9549

Date of issue 27-11-18

Signed by [signature]

To The Director of Industries and Commerce in Mysore Bangalore

Sir,

I am directed to forward herewith for perusal and return the marginally noted papers on the subject of the control of Indian Cotton received from the Hon'ble the Resident and

Letter no 10168 dated 23-9-1918 with enclosures.

over.

to request you to favour
me with your remarks
and suggestions thereon
before the 5th December
next.

I have also
[illegible]
[illegible]
[illegible]
[illegible]
hug

List of enclosure

Copied by

Examined by

B—60,000—15-11 16

TELEGRAPHIC ADDRESS "INDUSTRIES.

WD075—GPB—1,500—31-10-18

In reply please refer to
No. 4952/405-

DIARY NO. 9640

ENCL. No. Two.

OFFICE OF THE
DIRECTOR OF INDUSTRIES AND COMMERCE IN MYSORE.

Bangalore, 5th December 1918

FROM

V. RANGASAWMY IYENGAR, ESQ., B.C.E.,
Director of Industries and Commerce in Mysore,
Bangalore (India.)

16648

To

C. S. Balasundaram Iyer, Esq., B.A.,
Chief Secretary to the Government of
His Highness the Maharaja of Mysore, Bangalore.

SIR

With reference to your letter No.G.9549/P.P. 81-18-5 dated 27th November 1918, I have the honour to state that in the first instance no control should be necessary if no restrictive measures are taken by the United States of America.

II. So far as it goes with Mysore, the total quantity sent from Davangere every year is about 50,000 bales of 400 lbs. each. Three fourth of this quantity is sent directly to the Mills in -- Bombay and a small quantity to the Mills here. Very little, if at all any, is exported outside India.

III. Two reasons are adduced for justifying the necessity for control and they are:-

(1) To secure sufficient supplies for allied use to enable manufacture to be maintained and in those districts in -- which it has been put an end to by war to be recovered and

(2) for acquiring a bargaining asset for the purpose of negotiating with out enemies.

without the United States of America joining in enforcing a restrictive measure will be of no advantage. The Indian -- cotton which is mostly taken in by Continental mills will --- have no demand as purchases would be made largely for the long staple variety of American cotton. The price of the Indian cotton always follows that of the American cotton. The following extract from a memo published by the Commercial Intelligence Department, Calcutta, will be of interest in this connection.

"Although it is correct to say in general terms that the long and short staple varieties of cotton are used for the production of distinct classes of cotton goods, there is naturally a margin in which the long staple is in competition with the -- short. For example, if the price of Indian cotton approaches closely that of American, it may be more economical to use comparatively fine counts where coarse or medium counts are employed. To this extent, therefore, it is possible to hold that any restriction which would have the effect of increasing the cost - of marketing it, would tend to stimulate the demand for American rather than Indian cotton in those countries."

V. It might be desirable to control the export of -- cotton for the second of the reasons adduced above. But in the interests of the growers, such control may take the form of --- licenses to purchases in limited quantities by enemy countries, but such licensees should purchase after obtaining licenses in the open market.

VI. I return herewith the two enclosures forwarded

along

along with your letter.

I have the honour to be,

Sir,

your most obedient servant,

D I R E C T O R.

M.S.R.

G. R. S. Vl—G/32]

SUBJECT.....

.....

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Diary No. of letter replied to.....

Section P. P. 81-18
File No.
Serial No. 1

GENERAL AND REVENUE SECRETARIAT

( )

, the 191 .

No. G 10868
one inclosure.

Date of issue 9.12.18

To

A. Chatterton Esqr
Director of Land
Records & Agriculture

Signed by M. Reid Jr
for Secy

Sir,

I am directed to forward herewith for perusal and return the marginally noted papers on the subject of the Cultivation of Indian cotton received from the Hon'ble the Resident and to request you to favour Govt with

over.

2 Letters no 1016 & dated 28/9/18 with enclosures

your remarks and suggestions
thereon at a very early date

I have etc

for Chief of the Air Staff

List of enclosures.

Copied by

Examined by

W D8C—GPB—60,000—15-11-16

B. S. O. F. 1.

DIARY NO. 9272

GOVERNMENT OF MYSORE.

Tel. Address:
"Sandal, Bangalore."

SANDALWOOD OIL FACTORY.
SANKEY'S LODGE,
Bangalore, dated 10th December *19* 18

P. No. 1603
Encl. on file

From

ALFRED CHATTERTON, Esq., F.C.G.I., C.I.E.,
Director of Sandalwood Oil Factories in Mysore,
Bangalore, South India.

To

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

DEAR SIR,

I have the honour to acknowledge the receipt of your letter No.G.10868/P.P.81-18-7 dated the 9th of December 1918 with papers relating to the proposed control of the export of cotton in India. Before expressing any opinion on the general question, it seems desirable to examine what will be the effect on Mysore interests if cotton is controlled on the lines suggested in the papers furnished by the Government of India. The area, in this State, under cotton varies from 100,000,000 to 135,000,00 acres and the value of the exports of raw cotton in 1913-14 is given in the statistics of foreign rail-borne trade as Rs. 33,92,000. The average yield of ginned cotton is estimated at 82 pounds or practically one maund per acre and the recorded exports represent the bulk of the crop. Any attempt to control the export of cotton from India will inevitably mean that the growers of cotton will receive less for their cotton than they *would do* if there were unrestricted competition. We may, therefore, assume that the effect of control of exports will be to diminish

diminish the returns to the ryots who grow cotton. On the other hand, Mysore imports raw cotton to nearly half the value of its exports; it also imports considerable quantities of Indian twist and yarn and very large quantities of Indian piece-goods, the average value of these two items being in the neighbourhood of nearly 50 lakhs of rupees a year. The balance of values is greatly in favour of imports and the people of Mysore will certainly not suffer loss and possibly may gain a little by the proposal to control exports.

The above is only a rough analysis of the situation; but the general conclusion that Mysore interests will not be seriously affected is beyond dispute. This being the case, there seems to be no reason why the Mysore Government should not accept the policy of control proposed by the Board of Trade. It is unnecessary for me to recapitulate the arguments enclosed in the memorandum furnished to the Government of India. I will only add to them that we have ample evidence in the past that the unrestricted export of India's raw materials has undoubtedly weakened her international economic position and that I am of opinion that the control of exports and possibly the imposition of export duties is likely to be as effective a means of encouraging internal developments as the imposition of duties on imports of manufactured goods coming into the country. If enemy countries in the future are to be allowed to get supplies of materials from India, it will be greatly to the advantage of the country if we so regulate exports that they will be compelled to take twist and yarn rather than cotton or dressed leather in place of raw hides and skins. It is unlikely that the restrictions proposed in regard to exports will be confined to raw cotton and every one who is interested in the industrial development of India should welcome the first steps which it is

now proposed to take towards an Imperial control of her natural resources.

I return the papers enclosed with the reference under consideration.

I have the honour to be,

S i r,

Your most obedient servant,

Director.

G. R. S. VI—G/32]

SUBJECT.....

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Diary No. of letter replied to... .....

Section P. P. 81-18
File No.
Serial No. 9

GENERAL AND REVENUE SECRETARIAT
( )
, *the* 191 .

No. 11873/War Secon:

Date of issue 17/12/18

Signed by for D.G. of Supp.

To

The Secretary
Industries and Commerce
Committee
Bangalore

Sir,

I am directed to forward herewith for the marginally noted communications on the subject of the control of grain cotton and to request that ~~it may be favoured with~~ its

over.

2) Copy of letter no 4309 & 12/15 dated 19/18 from the Director Civil Supplies

1 " of letter no 4952/405 dated 5.12.18 from the Director of Industries & Commerce

3) " of letter no 1608/D/10.12.18 from the Chamberlain

(in original)

4) Letter no 10168 dated 28/11/18 with enclosures received from the Hon'ble the Resident

(To be returned)

the subject may be placed before the next meeting
the opinions of the Committee ~~the Committee~~ the D+C Committee
in the matter. & their opinion
furnished by your

Chancery
16/12/16 Very early
for Chief Secy's visit
HA

List of enclosures.

Copied by [illegible] 16/12

Examined by

W D8C—GPB—60,000—15-11-16

10638

No. 1405
Enc.

Industries and Commerce Committee,
"BEDFORD HOUSE," HIGHGROUND,
Bangalore, 2-1-1919.

19274

FROM

M. N. BALA RAJ URS, Esq., B. A.,

Secretary, Industries and Commerce Committee.

To POLITICAL BRANCH JAN 1919

C.S. Balasundaram Iyer, Esq., B.A.,

Chief Secretary to the Government of

His Highness the Maharaja of Mysore,

Bangalore

Sir,

With reference to your letter No. 12595 dated 26th December 1918, I have the honour to inform you that the said letter was received in this office on the 20th December 1918.

As the Committee ~~was~~ had meeting on the 21st December 1918, there was no time to circulate the long note received with your letter. As such, the subject could not be taken up for discussion at the last Meeting of the Committee.

It will be discussed at the next Meeting and the opinion of the Committee will be forwarded to you immediately on receipt.

I have the honour to be,

Sir,

Your most obedient servant,

M. N. Balaraj Urs

Secretary.

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

GENERAL AND REVENUE SECRETARIAT

( )

the *191* .

Date of issue.....11-1-1915.....

Signed by C. S. Balaramdas Iyer

Section

File No. P.A. 8-18

Serial No.

No. 981-658

To The F. A. Resident

Sir,

With reference to letter no: 7095 dated 11-10-18 & your reminder ~~letter~~ thereto no: 8727 dated the 19th December 1918 ~~requesting that the reply of the Darbar~~ on the subject of the control of Indian cotton ~~may be sent very early~~, I am directed to state that the opinion

over.

of the ~~Durham~~ local Industries
and Commerce Committee in the matter
has been called for ~~in the matter~~
and that on receipt of
the same, a reply will be
sent. ~~to you~~. As at present advised the Durham are
in general agreement with the proposed scheme.

I have etc
H. J. 4/1/16
for Chief Secretary
Mon.

KP.

List of enclosures.

Copied by

Examined by

No 2036
Enc. 2

CHIEF SECRETARIAT
II
POLITICAL BRANCH
1 MAR 1919

MAR 1919

60262

Industries and Commerce Committee,
"BEDFORD HOUSE," HIGHGROUND,
Bangalore, 27th February 19.

15104

DIARY NO.

FROM

M. N. BALA RAJ URS, ESQ., B. A.,
Secretary, Industries and Commerce Committee.

To

C.S. Balasundaram Iyer, Esq., B.A.,
Chief Secretary to Government of Mysore,
Bangalore.

Sir,

With reference to your letter No.G.11873/P.p.81-18-9 dated 17th December 18, regarding the control of Indian cotton, I am directed to submit herewith, extract of para 13 of the proceedings of the meeting of the Committee held on 7th February 19, endorsing the opinion of the Bombay Chamber of Commerce in the matter.

The original enclosures received with your letter under reply are herewith returned.

I have the honor to be,
Sir,
Your most obedient servant,

M. N. Balaraj Urs
Secretary.
BR

Proceedings of the 70th Meeting of the Industries and Commerce Committee held on 7th February 19.

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13. Control of Indian cotton.

Read letter No. G.11873/P.p.81-18-9 dated 17th December 18 from the Chief Secretary to Government, forwarding certain communications received from the Hon'ble the Resident in Mysore re- the subject of the control of the Indian cotton proposed by the Board of Trade during the reconstruction period in order to avoid the possibility of ~~of~~ stocks being accumulated for sale to the enemy countries.

The chief point for consideration was (1) whether it was desirable to impose restrictions on ~~exports~~ exports of cotton and if so in what form and for what period and

(2) whether the ~~control of~~ should take the form of rationing or licensing alone,

Mr. B.K. Garudachar said that the system of controlling Indian cotton would be to the benefit of the Agricultural populations of India and its absence would be to the advantage of the country at large. As regards Mysore cotton, the control was not necessary in his opinion.

Professor Shah said that now there was not enough of cotton in the enemy countries, they would be willing to pay ~~a~~ quite a high price to cotton from anywhere in the world. As such the Indian cotton growers would be greatly benefitted if their stuff was not controlled. Besides he said that as the cotton crop was very poor this time, the interests of the Indian ryots would be very prejudicially affected if the cotton was controlled this year. The Agriculturists would be greatly hit unless they were guaranteed the prices. He was also of opinion that America might first take up the question of licensing.

Mr. Deva Rao Shiva Ram was of opinion that the total production of cotton in India was very low in the current year. He said,

the quantity in the mills was limited. The system of licensing might well be adopted for one year as a special measure to safeguard the interests of Indian mills by preventing the export of Indian cotton to enemy countries at a high price.

Mr. H. Subba Rao explained that on an average India produced about 20 lakhs of bales of cotton annually. The total number of cotton mills working in India was about 218 at present. Liverpool mills required higher grade of cotton than Indian mills, whereas Japan could not be depended upon as she always cared more about the prices than the quality. Her tendency was to go in for American cotton which could be had at a cheaper rate than Indian produce. In his opinion, it was impossible for the Indian mills to consume all the raw material produced within the empire. Under these conditions, he wanted to know where the Indian cotton should go. He was of opinion that if the cotton was controlled, it would rot. He was for free trade for cotton and the Indian market being free for the commodity to all the world.

Mr. C. Rangantha Rao Sahib said that the temporary licensing suggested by the Bombay Chamber of Commerce for the control of Indian cotton might be accepted by the Committee.

Resolution 12. The committee recommended the adoption by the Government of Mysore of the system already approved by the Bombay Chamber of Commerce re- the control of Indian cotton as a temporary measure.

(Extract)

Secretary.

M.81-18
Serial 13

Pol. 921
12-3-1919

To

The First Assistant to the Hon'ble
the Resident in Mysore.

Sir,

In continuation of the correspondence ending with my letter No. Pol. 658, dated the 11th January 1919 on the subject of the control of Indian Cotton, I am directed to state that the subject was discussed by the Industries and Commerce Committee of the Economic Conference and they recommend the adoption as a temporary measure of the proposal of the Bombay Chamber of Commerce that Government should take power at once to restrict the exports of raw cotton by the introduction of a system of licensing, the degree of stringency with which such powers should be exercised being decided as circumstances may dictate.

The Durbar agree in this recommendation.

I have etc.,

Chief Secy. to Govt.

F 20487 of 19

Copy to the Secy to Govt
Comm'l & Agri
RD

Chiefsecy.